

The complaint

X complains about HSBC UK Bank Plc.

X says that they have been the victim of a scam and would like HSBC to refund him the money they have lost.

What happened

X was introduced to an investment in 'B' by 'K', and advisor who a family friend had used previously. B was offering investment in holiday lodge properties that promised an 8% return per annum and a guaranteed buy back scheme after five years.

X and K discussed the opportunity by phone, and X was then sent an agreement to sign. X was then sent bank account details for where to send funds.

In August 2023, X made five payments into the investment with B, totalling £103,950, and following this received a certificate of lodge plot ownership and a lodge plot title deed.

X received two returns on their investment, but this then stopped, and X was alerted by someone else that B/A had gone into administration without letting investors know.

X now believes that they have been the victim of a scam.

A complaint was made to HSBC, but it said that it didn't believe that X had fallen victim to a scam, and that this was a civil dispute between X and B.

X brought their complaint to this Service where it was considered by our Investigator. They explained that at present there wasn't enough to conclude that B was running as a scam, and so they didn't uphold the complaint.

X and their representatives disagreed and sent in further information to support what they have said. Our Investigator wrote back explaining that this information didn't change their view, so X and their representatives asked for a final decision and the complaint has been passed to me.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

X's representative has provided detailed submissions to our service in relation to this complaint. In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of X's complaint. This is not meant to be a courtesy to X, and I want to assure them I have considered everything submitted carefully.

It isn't in dispute that X authorised the payments totalling ££103,950. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that they are liable for the transactions. But X says that they have been the victim of an authorised push payment (APP) scam.

HSBC has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances).

But the CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

...a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

"This Code does not apply to:

- b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier."*

I've therefore considered whether the payments X made to B fall under the scope of an APP scam as set out above, and whether HSBC was wrong in reaching the conclusion that this was a private civil dispute.

Having done so, I don't think the evidence shows HSBC was wrong to reach that outcome. I'll explain why in more detail.

In order to determine if X has been the victim of a scam, I have to consider if their intended purpose for the payments was legitimate, whether the intended purposes X and the company they paid were broadly aligned and, if not, whether this was the result of dishonest deception on the part of the company, in this case B.

X's understanding of their investment

Looking over the agreement X has provided, as well as their testimony, I think X's understanding was that they were investing in a holiday lodge rental investment scheme which would begin with the development of the holiday site. I think this was a legitimate purpose.

Were B's purposes fraudulent?

I've gone on to consider what purposes B had in mind for the payments it obtained from X, and whether these purposes were in line with the purposes X had believed, or instead, if they were in fact fraudulent.

In reaching an answer on what purposes B and its linked companies had in mind, the key information I've considered is as follows:

- B and linked companies owned sites and either had, or sought, planning permission to build and develop holiday homes on these sites. This suggests that there was a genuine intention of B and those other companies to build and/or develop the sites.
- The evidence available doesn't demonstrate that investors' funds were obtained fraudulently or solely for the personal benefit of the directors. I've been provided with no evidence to show that the funds weren't, in the main, used for business purposes.
- Many submissions have been provided, and allegations made, regarding representations made to investors prior to their investments. Whilst some misrepresentations may have been made by agents selling this investment scheme, I don't think this speaks overall to the intention of B and the other companies involved (including whether they sought to defraud their investors). Furthermore, misrepresentations made prior to an investment wouldn't automatically mean that X's payments would meet the definition of an APP scam, only in so far as these misrepresentations directly related to the purposes of the payments X made.

It's clear that there are large and complex ongoing investigations by both the administrators of the companies involved as well as the police. Given the breadth of these investigations, it's difficult for me to be certain that all the available evidence has been obtained from all parties and that all the information relevant to this complaint has been reviewed prior to the issuance of my decision.

Furthermore, these investigations haven't yet drawn definitive conclusions as to whether the companies, or their directors, have acted fraudulently. But, for completeness, I should state that fraudulent activity by the companies or their directors may not automatically mean that X's payments would then meet the definition of an APP scam, given any given activity found to be fraudulent may be unrelated to the purposes for which investors' funds were obtained and instead relate to other activities carried out by the companies.

It is possible that the allocation of the same lodge plot number to more than one investor reflects fraud. But I can't discount that it might simply have been poor administration, or a sub-divided share in a single unit, or that this had happened for another legitimate reason. To find that B was operating a criminal scam, I'd need to find that there is convincing evidence to show that fraud and criminality is the most likely explanation not one of a range of possibilities.

I have every sympathy for X as they have lost a substantial amount of money and has provided a lot of detailed information and evidence relating to their complaint. But many businesses and investments fail and enter administration for genuine reasons, and not because they were set up to defraud and scam people. Based on what I have seen, I can't say that an APP scam is a more likely explanation.

Ultimately, X made payments towards a holiday lodge scheme that was purporting to develop the site and rent a lodge. The evidence I've seen doesn't sufficiently demonstrate that B didn't have the intention of carrying out and completing the developments and rentals at the time of the payments. Because of this, I'm not satisfied that X's claim meets the CRM Code's definition of an APP scam.

Overall, I'm not persuaded that X has fallen victim to an APP scam, based on the evidence available. I've no doubt that this will be extremely disappointing to X, given the impact this situation has had on them, but I'm unable to say that HSBC is liable to reimburse their losses. Should any material new evidence come to light at a later date, for example from the police or the administrators, X can ask HSBC to reconsider their claim. But, as it stands, I can't fairly say HSBC should reimburse X's loss under the CRM Code.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 17 December 2025.

Claire Pugh
Ombudsman